

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90

**COMMENTS OF THE SOUTHEAST ASSOCIATION OF TELECOMMUNICATIONS  
OFFICERS AND ADVISORS IN RESPONSE TO  
FURTHER NOTICE OF PROPOSED RULEMAKING**

**I. INTRODUCTION**

The SouthEast Association of Telecommunications Officers and Advisors (“SEATOA”), a chapter of NATOA, consists of local government officials, staff members and their consultants whose responsibilities include developing and administering local community broadband and other communications systems across the four state region of North Carolina, South Carolina, Georgia and Tennessee. SEATOA submits these comments in response to the Further Notice of Proposed Rulemaking (“FNPR”), released Nov 19, 2011, in the above-captioned proceeding, drawing on its local experiences, which are often colored by the high percentage of rural areas within these states, including in North Carolina where half the state’s population lives in rural areas.

**II. RESPONSE TO INQUIRY**

**A. Should the FCC Change the definition of “unserved area” by expanding “Eligible Areas” to include any Census Block lacking access to speeds of 4 Mbps/1Mbps? [¶¶ 3 and 9]**

Yes. According to a June 2012 report issued by the FCC Wireline Competition Bureau, North Carolina ranks dead last -- tied with Mississippi - with only 13% of its households subscribing to 4Mbps/1Mbps service, the level of broadband service the FCC has deemed since 2006 as the minimum level necessary to engage in modern life.<sup>1</sup> (See Attachment 1). With North

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<sup>1</sup> See National Broadband Plan, *Chapter 8, page 135*, found at <http://download.broadband.gov/plan/national-broadband-plan.pdf> ; also Sixth Broadband Deployment Report at ¶5: “The National Broadband Plan recommends as a national broadband availability target that every household in America have access to affordable broadband service offering actual download (*i.e.*, to the customer) speeds of at least 4 Mbps and actual upload (*i.e.*, from the customer) speeds of at least 1 Mbps.... It is the minimum speed required to stream a high-quality —even if not high-

Carolina representing the largest percentage of SEATOA's members, SEATOA fully supports this change, noting that the truest measurement of availability (including affordability) is whether a household subscribes to a service. By expanding Connect America Funds for use in these genuinely unserved areas, North Carolina households and businesses have a greater chance of participating in contemporary life.

**B. Should the FCC allow a data “Challenge Process” prior to CAF funds being issued? [¶¶ 13-15]**

SEATOA notes that the Commission's priority should be on expediting broadband deployment and should assume a census block is unserved if classified that way by the eligible carrier. A challenge process will simply slow down broadband deployment. The Commission's proposal generates from reports on the lack of accuracy of the NTIA mapping data. It is a well-known fact that the NTIA broadband mapping data is deficit in part because the agency permits the carrier who is submitting the broadband data to the state mapping authority, to classify any census block as “served” if the carrier believes it can hypothetically serve at least one household in the census block within 7 to 10 business days.<sup>2</sup> As such, unserved areas are being classified as served. The Commission's concern should be that there is an over-classification of census blocks as “served,” instead of the reverse. To ensure that CAF funds are used for unserved areas, SEATOA instead supports a public petition process whereby an ETC must serve an area with CAF funds if presented with a public petition that 50% of the households in a census block want broadband service.<sup>3</sup>

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definition—video while leaving sufficient bandwidth for basic web browsing and e-mail, a common mode of broadband usage today that comports directly with section 706's definition of advanced telecommunications capability. As the target for the broadband capability that the National Broadband Plan recommends should be available to all Americans, this speed threshold provides an appropriate benchmark for measuring whether broadband deployment to all Americans is proceeding in a reasonable and timely fashion.”

<sup>2</sup> See footnote 3 below. SEATOA also reminds the FCC that one impetus behind the ARRA funding of the NTIA broadband maps was because broadband mapping is a very expensive undertaking, and one certainly outside the means of rural communities who have been economically challenged over the last five years. To seek public input on whether the FCC's maps are accurate, while admirable, will likely garner little information from municipalities who are for the majority of cases solely dependent on the NTIA mapping data for their broadband information. As an alternative, SEATOA has encouraged the FCC to modernize its Form 477 Reports by collecting Form 477 data down to the census block level.

<sup>3</sup> For instance, in Jones County, NC, the public petitioned Centurylink for broadband service. Centurylink, despite having access to CAF Phase 1 funds, declined use of CAF funds for Jones County, NC, concluding that deploying broadband in its service area in this rural county would be too expensive and would require too high a penetration

The Commission's impetus behind a data challenge process also seems to be a concern that federal funds not be used to compete with an unsubsidized carrier. SEATOA reminds the Commission that these census block areas are overwhelmingly areas where no carrier chooses to serve. If there is some small overlap with another carrier's service area, surely the effect will be positive, as it will encourage that carrier to upgrade its service to the fiber levels the Commission seeks.

**C. Should the Commission tie Phase 1 funds to Construction of last mile fiber? [¶¶ 17,18]**

With innovation tied to Gigabit capacity access, the greatest digital divide in the near future will be created by a community's broadband capacity; those who have fiber to the home and those who don't. Due to their low density and low income levels, rural areas are the last to receive fiber deployments. SEATOA encourages the Commission to prioritize the use of CAF funds for fiber deployment in unserved areas. Likewise, the FCC should require minimum average locations per fiber route mile, with the standard being that all households in unserved clusters of census blocks be served. (Each ETC will be the FCC's best source of the economics on how to define these clusters). Again, the Commission should not be restrained in using CAF funds to stimulate fiber deployments, even in areas where an unsubsidized carrier is partially serving that census block cluster. The presence of a new fiber carrier will serve as an impetus for the unsubsidized carrier to upgrade its service to modern and competitive levels.

**D. Should the Commission add remaining Phase 1 incremental support into Phase 1 support for 2013? How much funding should be allocated? [¶¶36,37]**

Based on local North Carolina experiences, and a belief that CAF funds should be prioritized for fiber deployments, SEATOA believes the Commission should double its per household CAF allocation to \$1550. For example, both Rockingham County, NC and Jones County, NC were informed by Centurylink that it would cost the Company more than \$1300 per household (and for Jones County more than \$1500, along with a required a penetration level of

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rate. (See Attachment 2: Centurylink letter declining broadband deployment to Jones County, NC). Again, a community's ability to participate in modern life should not be reduced to a single company's decision that the financials just don't pass muster.

more than 50%) for the Company to deploy DSL service into these sections of its service area. Although Centurylink declined more than \$60 million in Phase 1 CAF funds for use in deploying to “unserved” areas, the Company has informed Jones County that it will not be providing broadband to the County’s unserved sections of its service area. In Rockingham, the County has been told that for Centurylink to provide broadband service to its unserved households, the County would have to pay Centurylink more than \$1.3 million, with Centurylink picking up the remaining \$320,000 of the deployment costs.

**E. Should remaining Phase 1 support be added to Phase II funds instead? [¶¶41-44]**

No. It is SEATOA’s position that the FCC should expedite broadband deployments in unserved areas; folding residual Phase 1 Funds into Phase II will simply delay deployments. As noted at footnote 46, the FCC’s rules for Phase II require carriers to deploy broadband to 85 percent of supported locations by the end of the third year and all supported locations by the end of the fifth year, whereas rules for Phase I require carriers to deploy to 2/3rds of their census blocks (66%) by the second year, and 100% by the third year. Phase I deployments will be finalized sooner.

**F. Oversight and Accountability of Phase I Incremental Support – What information should ETC’s be Required to Provide about their Deployment? [¶¶25, 46, 47, 48]**

Full public disclosure of all census block data upon notice of acceptance (prior to deployment) and at the second and third year milestones, including to the municipal managers of the communities where those census blocks are located, will be the single most effective way of ensuring both oversight and accountability of CAF funds. Carriers who accept CAF funds must also must be obligated to provide broadband service to the census blocks they list in their CAF funds acceptance notices.

SEATOA challenges the notion that the public should be denied the ability to know where broadband is being deployed with federal funds because it will somehow hurt the carrier serving areas unserved by any other carrier. The allegation here is that public disclosure, i.e., a lack of public accountability, will give potential competitors insight into that recipient carrier’s build out plans which will then be used to exploit those plans for their own operational and

marketing purposes. SEATOA reminds the Commission that the areas targeted for these substantial federal CAF subsidies are for the most part not being served by any private sector company. If by some chance, public disclosure of data which reveals that these areas will finally receive fiber broadband service stimulates competitive service offerings, than public disclosure cannot happen soon enough.

It must be noted that communities where these unserved areas exist have the greatest stake in this game. Without broadband access, the future of their economies, public health and safety, and their students' educational opportunities will not exist. Carriers who accept these federal funds should be required to provide the list of the census blocks where these CAF funds will be invested as a matter of policy. These communities will have the greatest investment in ensuring that this broadband service is actually deployed and that the same unserved areas are not financed more than once. In addition, at both the two year and three year milestones, recipients of CAF funds should be obligated to provide local community managers with fiber maps disclosing where these valuable infrastructure fiber assets are located, along with the latitude and longitudinal geocodes of the served census blocks, so that even local officials or members of the public can confirm that broadband service has in fact been deployed.

More so, carriers who accept these federal funds should be obligated to serve the exact census block areas for which they have claimed and received CAF funds. Currently, the Commission's CAF rules provide Connect America Funds to the ETC in advance of deployment, based on census block lists the ETC provides to the FCC in its notice of acceptance. Despite getting these funds in advance of any deployment, the ETC is not then required to actually provide broadband service to these census block areas (see ¶¶ 35-38); it can chose other areas. Such veiled and sliding targets remove all accountability. In North Carolina economically depressed eastern region, it has led to disappointed communities, such as Halifax County, which was listed on Centurylink's original Notice of Acceptance, only later to be told by the Company that they will no longer be deploying broadband to the County. Likewise, Rockingham County and Nash Counties were encouraged to offer matching funds to Centurylink to inspire it to deploy broadband service in the unserved parts of its service areas, only later to learn by chance that Centurylink could have and did list some of their broadband unserved areas as census blocks to be (potentially) served with CAF funds. Likewise, carriers should be required to publicly disclose the source of all matching funds by census block (and specifically to local community

managers) so that carriers are not seduced into double- or triple dipping, where they accept funds from the FCC and similar funds from communities desperate for broadband service.<sup>4</sup>

### **G. Who should qualify for CAF funding?**

SEATOA fully supports the FCC's Connect America Fund objective to bring broadband, and particularly fiber, infrastructure to as many underserved homes and businesses as possible. We agree that no child or senior or next undiscovered innovator should be denied access to broadband simply because of where they live. It is SEATOA's position **that any entity**, public or private, or nonprofit, who wants to serve these unserved broadband regions should be allowed to apply for CAF funds, especially when we have now seen numerous price-cap carriers turn their backs on this no-interest federal funding. For example, there are a few small fixed wireless carriers now combing North Carolina who are serving unserved pockets of the state using their own resources, and filling in the large gaps left by price-cap carriers. They have told SEATOA that they could make a significant dent in serving the underserved if they too could apply for these CAF funds.

### **III. Conclusion**

In an era when broadband has become essential for our country to develop a new manufacturing base and new non-manufacturing economic opportunities to replace its lost textile, agricultural, and manufacturing heritage, for U.S. jobs, economic growth, global competitiveness and democratic engagement, SEATOA thanks the Commission for its active engagement to refine its CAF program to bring real broadband finally to our unserved rural areas.

Respectfully submitted by,



Catharine Rice  
President  
SEATOA

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<sup>4</sup> Rockingham County also discovered by chance that Centurylink had received grant monies from the state of North Carolina in late 2011 to provide broadband service in some of its unserved areas.

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**ATTACHMENT 1:****NORTH CAROLINA  
WORST BROADBAND IN  
COUNTRY AT 13%**

Although access to affordable, fast broadband connections now determines economic, health, and educational opportunities and even public safety, North Carolina ranks dead last.

According to a June 2012 report issued by the FCC Wireline Competition Bureau, North Carolina ranks dead last -- tied with Mississippi - with only 13% of its households subscribing to the level of broadband the FCC deems necessary to engage in modern life.

*Source: FCC Wireline Competition Bureau, Internet Access Services, June 2012, status as of June 30, 2011; based on Form 477 data provided by industry service providers*

State	At least 3/768 Mbps (advertised) Connection	Households	Subscribership Ratio
New Jersey	424	3,192	.73
Massachusetts	1,762	2,568	0.69
Delaware	226	343	0.66
Maryland	1,403	2,158	0.65
Virginia	1,725	3,052	0.57
District of Columbia	150	270	0.55
New Hampshire	279	513	0.54
Vermont	133	248	0.54
Colorado	1,066	1,978	0.53
Washington	1,393	2,615	0.53
Connecticut	696	1,358	0.51
Pennsylvania	2,524	4,927	0.51
New York	3,521	7,339	0.48
Oregon	731	1,522	0.48
Utah	424	894	0.47
California	5,565	12,634	0.44
Wyoming	93	219	0.43
Florida	3,069	7,344	0.42
Minnesota	839	2,046	0.41
Nebraska	294	709	0.41
Arizona	993	2464	0.4
Michigan	1,463	3,808	0.38
South Dakota	116	317	0.37
Nevada	360	1,008	0.36
Illinois	1,704	4,803	0.35
Montana	136	394	0.35
North Dakota	91	262	0.35
Georgia	1,262	3,697	0.34
Indiana	815	2,493	0.33
Kentucky	567	1,718	0.33
New Mexico	246	759	0.32
Tennessee	789	2,511	0.31
Louisiana	473	1,694	0.28
Texas	2,508	8,977	0.28
West Virginia	198	747	0.27
Kansas	276	1,101	0.25
Wisconsin	554	2,220	0.25
Oklahoma	349	1,455	0.24
Alabama	424	1867	0.23
Maine	120	539	0.22
Missouri	531	2,374	0.22
Iowa	253	1,197	0.21
South Carolina	349	1,783	0.2
Arkansas	215	1,144	0.19
Ohio	854	4,540	0.19
Idaho	100	575	0.17
Mississippi	143	1,098	0.13
<b>North Carolina</b>	<b>495</b>	<b>3,737</b>	<b>0.13</b>



## ATTACHMENT 2

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JONES COUNTY ABC BOA

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Derek T. Kelly  
1528 Brimley Dr.  
Greenville, NC 27834

August 9, 2011

Mr. Haywood Jones  
139 Jones Lane  
Trenton, NC 28585

Dear Mr. Jones,

Thank you for your interest in CenturyLink High-Speed Internet service. We recently completed our review and assessment of the Highway 58 and Chinquapin Chapel Road area. Unfortunately, consistent with previous reviews, the low number of homes per square mile and distance from the closest serving device make this area difficult to serve technically and economically.

We will continue to explore other technical options. In addition, we will look at opportunities to leverage broadband grants targeted at broadband deployment in rural areas.

Our goal at CenturyLink is to provide High-Speed Internet in all of our service areas and we continue to make progress. We will continue to reassess your area on a regular basis.

If you have any questions please don't hesitate to call me at (252) 757-3200.

Thanks,

A handwritten signature in black ink that reads "Derek Kelly". The signature is written in a cursive style with a large, looped initial "D".

Derek Kelly  
Manager of Market Development  
Public & Media Relations for Eastern North Carolina